

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 3247 – HB 3769

April 11, 2012

SUMMARY OF AMENDMENTS (016021, 016380): Deletes all language after the enacting clause and amends Sections Nine and Ten of the bill as amended. Changes, from October 1 to April 1, the date by which the sponsor of a public charter school shall file an application with the chartering authority. Changes, from October 1 to April 1, the date by which the governing body of a public charter school shall submit a renewal application to the chartering authority. Changes, from 60 to 90, the number of days a local board of education will have to approve or deny a public charter school application. Changes, from 15 to 30, the number of days a local board of education will have to approve or deny an amended public charter school application. Authorizes local boards of education to charge an application fee up to \$500 to public charter school applicants.

Removes the requirement in Tenn. Code Ann. § 49-13-119 that teachers and full-time public charter school employees must participate in group insurance plans in the same manner as teachers and other regular LEA employees. Teachers and full-time public charter school employees may participate at their discretion.

Prohibits local education agencies (LEAs) from requiring more than five paper copies of a public charter school application in addition to an electronic copy.

Notwithstanding any law to the contrary, if the charter agreement with the LEA includes an agreement for the provision of employee benefits, including but not limited to health insurance and retirement, then the LEA is authorized to withhold funds to cover the cost of these benefit. Requires these withholdings to be made in accordance with the scheduled distribution of local funds in Tenn. Code Ann. § 49-13-112(a). Requires an LEA to give an accurate, detailed, and complete accounting for all funds that are withheld. Accounting of such funds shall be made in accordance with the scheduled distribution of local funds in Tenn. Code Ann. § 49-13-112(a). The date changes in Sections One, Two, and Three, Four, and Five of the combined amendments shall be effective on January 1, 2013. All other sections shall be effective on July 1, 2012.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue – Exceeds \$1,000/Permissive

Increase Local Expenditures – Not Significant

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Other Fiscal Impact – To the extent that public charter school employees no longer utilize the LEA group insurance plans, LEAs will be able to reduce expenditures associated with keeping these employees in the insurance plan. This increase is not quantifiable and will be dependent upon the number of public charter school employees who opt out and the cost to keep them on the LEA insurance plan.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase Local Revenue – \$12,500/Permissive

Increase Local Expenditures – Not Significant

Other Fiscal Impact – To the extent that public charter school employees no longer utilize the LEA group insurance plans, LEAs will be able to reduce expenditures associated with keeping these employees in the insurance plan. This decrease is not quantifiable and will be dependent upon the number of public charter school employees who opt out and the cost to keep them on the LEA insurance plan.

Assumptions applied to amendments:

- Any fiscal impact on state or local government as a result of changing the date by which original and renewal charter school applications must be filed with the chartering authority will be not significant.
- LEAs may choose to implement an application fee for public charter schools up to \$500.
- The number of public charter school applications will vary from LEA to LEA. Based on information received from the Comptroller of the Treasury, it is assumed that there will be at least 25 applications each year. If each of the 25 applicants is charged a \$500 application fee, the increase in permissive local revenue will be \$12,500 (\$500 x 25). The total increase in permissive local revenue will be dependent upon the number of applications received, the number of LEAs that choose to institute an application fee, and the amount charged to applicants.
- No fiscal impact to extend the amount of time that local boards of education have to review and make rulings on charter school applications.
- Public charter school employees and public charter schools may choose to opt out of the LEA group insurance plans. The number of employees and schools that will opt out cannot be quantified; however, LEAs will be able to decrease local expenditures associated with keeping these employees on the plan.
- Any increase in expenditures resulting from the public charter school not receiving funds that are withheld from the school will be borne by the public charter school.

- No fiscal impact as a result of limiting the number of charter school application copies that an LEA may require.
- No change in the BEP funding formula.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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